

CITY OF LISBON, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2021

CITY OF LISBON, IOWA
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CITY OF LISBON, IOWA
OFFICIALS
June 30, 2021

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug O'Connor	Mayor	January, 2024
Nate Smith	Mayor Pro-tem	January, 2022
John Bardsley	Council Member	January, 2024
Travis Jubeck	Council Member	January, 2022
Stephanie Kamberling	Council Member	January, 2022
Sara Nost	Council Member	January, 2024
Connie Meier (Resigned July, 2020)	City Administrator/City Clerk	
Christina Eicher (Appointed July, 2020)	City Clerk	Appointed
Jeff Horne (Appointed July, 2020, Resigned December, 2020)	City Administrator	
Brandon Siggins (Appointed January, 2021)	City Administrator	Appointed
Lederer Weston Craig PLC	City Attorney	Appointed

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lisbon, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lisbon as of June 30, 2021, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Lisbon's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2020 (none of which are presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the seven years ended June 30, 2018 (none of which are presented herein), were audited by other auditors whose reports expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 25 through 29, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Honorable Mayor and
Members of the City Council

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2021 on our consideration of the City of Lisbon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Lisbon's internal control over financial reporting and compliance.

Bracewell, Smith, Johnson & Co. P.C.

Atlantic, Iowa
December 28, 2021

CITY OF LISBON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2021

		Program Receipts	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 457,899	\$ 701	\$ 77,148
Public works	412,495	--	1,469,075
Culture and recreation	332,109	58,420	24,561
Community and economic development	111,544	--	10,066
General government	516,943	23,827	--
Debt service	272,661	--	--
Capital projects	33,138	--	--
Total governmental activities	<u>2,136,789</u>	<u>82,948</u>	<u>1,580,850</u>
Business type activities:			
Water	341,894	384,271	--
Sewer	525,513	474,101	--
Solid waste	209,373	201,721	--
Total business type activities	<u>1,076,780</u>	<u>1,060,093</u>	<u>--</u>
Total	<u>\$ 3,213,569</u>	<u>\$ 1,143,041</u>	<u>\$ 1,580,850</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Commercial/industrial tax replacement			
Unrestricted interest on investments			
Bond proceeds			
Bonds issued for refunding debt			
Premium on bonds			
Payment for refunding bonds			
Special assessments			
Miscellaneous			
Sale of capital assets			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$ (380,050)	\$ --	\$ (380,050)
--	1,056,580	--	1,056,580
--	(249,128)	--	(249,128)
--	(101,478)	--	(101,478)
--	(493,116)	--	(493,116)
--	(272,661)	--	(272,661)
<u>500</u>	<u>(32,638)</u>	<u>--</u>	<u>(32,638)</u>
<u>500</u>	<u>(472,491)</u>	<u>--</u>	<u>(472,491)</u>
--	--	42,377	42,377
--	--	(51,412)	(51,412)
<u>--</u>	<u>--</u>	<u>(7,652)</u>	<u>(7,652)</u>
<u>--</u>	<u>--</u>	<u>(16,687)</u>	<u>(16,687)</u>
<u>\$ 500</u>	<u>(472,491)</u>	<u>(16,687)</u>	<u>(489,178)</u>
	927,959	--	927,959
	109,300	--	109,300
	146,477	--	146,477
	353,762	--	353,762
	90,162	--	90,162
	10,941	1,381	12,322
	4,065,000	--	4,065,000
	1,185,000	--	1,185,000
	33,461	--	33,461
	(1,178,109)	--	(1,178,109)
	242	--	242
	633,646	17,658	651,304
	17,600	--	17,600
	<u>43,015</u>	<u>(43,015)</u>	<u>--</u>
	<u>6,438,456</u>	<u>(23,976)</u>	<u>6,414,480</u>
	5,965,965	(40,663)	5,925,302
	<u>1,433,718</u>	<u>533,461</u>	<u>1,967,179</u>
	<u>\$ 7,399,683</u>	<u>\$ 492,798</u>	<u>\$ 7,892,481</u>

CITY OF LISBON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2021

		<u>Program Receipts</u>
	<u>Disbursements</u>	<u>Charges for Service</u>
		<u>Operating Grants, Contributions, and Restricted Interest</u>
Cash Basis Net Position		
Restricted:		
Nonexpendable:		
Cemetery perpetual care		
Expendable:		
Streets		
Police		
Debt service		
Capital projects		
Urban renewal purposes		
Employee benefits		
Other purposes		
Unrestricted		
Total cash basis net position		

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 79,217	\$ --	\$ 79,217
	1,269,596	--	1,269,596
	1	--	1
	10,289	88,352	98,641
	4,057,889	--	4,057,889
	233,971	--	233,971
	187,855	--	187,855
	25,000	35,078	60,078
	<u>1,535,865</u>	<u>369,368</u>	<u>1,905,233</u>
	<u>\$ 7,399,683</u>	<u>\$ 492,798</u>	<u>\$ 7,892,481</u>

CITY OF LISBON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2021

	<u>General</u>	<u>Special Revenue Road Use Tax</u>	<u>Debt Service</u>
Receipts:			
Property tax	\$ 721,274	\$ --	\$ 105,941
Tax increment financing	--	--	--
Other city tax	23,950	--	3,359
Licenses and permits	17,166	--	--
Use of money and property	31,381	--	--
Intergovernmental	174,994	1,469,075	9,573
Charges for service	35,134	--	--
Special assessments	--	--	--
Miscellaneous	641,088	500	--
Total receipts	<u>1,644,987</u>	<u>1,469,575</u>	<u>118,873</u>
Disbursements:			
Operating:			
Public safety	397,761	--	--
Public works	33,459	333,748	--
Culture and recreation	300,148	--	--
Community and economic development	78,934	--	--
General government	465,075	--	--
Debt service	--	--	272,661
Capital projects	--	--	--
Total disbursements	<u>1,275,377</u>	<u>333,748</u>	<u>272,661</u>
Excess (deficiency) of receipts over (under) disbursements	369,610	1,135,827	(153,788)
Other financing sources (uses):			
Sale of capital assets	17,600	--	--
Bond proceeds	--	--	--
Bonds issued for refunding debt	--	--	1,185,000
Premium on bonds	--	--	10,446
Payment for refunding debt	--	--	(1,178,109)
Transfers in	115,530	--	124,956
Transfers out	--	--	--
Total other financing sources (uses)	<u>133,130</u>	<u>--</u>	<u>142,293</u>
Change in cash balances	502,740	1,135,827	(11,495)
Cash balances beginning of year	<u>368,923</u>	<u>158,769</u>	<u>21,784</u>
Cash balances end of year	<u>\$ 871,663</u>	<u>\$ 1,294,596</u>	<u>\$ 10,289</u>

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<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ 176,843	\$ 1,004,058
--	146,477	146,477
--	359,654	386,963
--	--	17,166
--	418	31,799
--	15,908	1,669,550
--	--	35,134
--	242	242
<u>500</u>	<u>3,310</u>	<u>645,398</u>
<u>500</u>	<u>702,852</u>	<u>3,936,787</u>
--	60,138	457,899
--	45,288	412,495
--	31,961	332,109
--	32,610	111,544
--	51,868	516,943
--	--	272,661
<u>33,138</u>	<u>--</u>	<u>33,138</u>
<u>33,138</u>	<u>221,865</u>	<u>2,136,789</u>
(32,638)	480,987	1,799,998
--	--	17,600
4,065,000	--	4,065,000
--	--	1,185,000
23,015	--	33,461
--	--	(1,178,109)
--	--	240,486
<u>--</u>	<u>(197,471)</u>	<u>(197,471)</u>
<u>4,088,015</u>	<u>(197,471)</u>	<u>4,165,967</u>
4,055,377	283,516	5,965,965
<u>2,512</u>	<u>881,730</u>	<u>1,433,718</u>
<u>\$ 4,057,889</u>	<u>\$ 1,165,246</u>	<u>\$ 7,399,683</u>

CITY OF LISBON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES - Continued
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2021

	<u>General</u>	<u>Special Revenue Road Use Tax</u>	<u>Debt Service</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Streets	--	1,269,596	--
Police	--	--	--
Debt service	--	--	10,289
Capital projects	--	--	--
Urban renewal purposes	--	--	--
Employee benefits	--	--	--
Assigned for:			
Other purposes	--	25,000	--
Unassigned	<u>871,663</u>	<u>--</u>	<u>--</u>
Total cash basis fund balances	\$ <u>871,663</u>	\$ <u>1,294,596</u>	\$ <u>10,289</u>

The accompanying notes are an integral part of these statements.

<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ 79,217	\$ 79,217
--	--	1,269,596
--	1	1
--	--	10,289
4,057,889	--	4,057,889
--	233,971	233,971
--	187,855	187,855
--	--	25,000
<u>--</u>	<u>664,202</u>	<u>1,535,865</u>
<u>\$ 4,057,889</u>	<u>\$ 1,165,246</u>	<u>\$ 7,399,683</u>

CITY OF LISBON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2021

	Enterprise	
	Water	Sewer
Operating Receipts:		
Charges for service	\$ 384,271	\$ 474,101
Total operating receipts	<u>384,271</u>	<u>474,101</u>
Operating Disbursements:		
Business type activities	<u>309,793</u>	<u>321,694</u>
Total operating disbursements	<u>309,793</u>	<u>321,694</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	74,478	152,407
Non-operating receipts (disbursements):		
Interest on investments	750	384
Miscellaneous	7,029	3,900
Debt service	(32,101)	(125,901)
Capital projects	--	(77,918)
Total non-operating receipts (disbursements), net	<u>(24,322)</u>	<u>(199,535)</u>
Excess (deficiency) of receipts over (under) disbursements	50,156	(47,128)
Transfers out	<u>(36,632)</u>	<u>(6,383)</u>
Change in cash balances	13,524	(53,511)
Cash balances beginning of year	<u>277,634</u>	<u>156,549</u>
Cash balances end of year	<u>\$ 291,158</u>	<u>\$ 103,038</u>
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$(52,714)	\$ 141,066
Other purposes	17,539	17,539
Unrestricted	<u>326,333</u>	<u>(55,567)</u>
Total cash basis fund balances	<u>\$ 291,158</u>	<u>\$ 103,038</u>

The accompanying notes are an integral part of these statements.

Enterprise	
<u>Solid Waste</u>	<u>Total</u>
\$ 201,721	\$ 1,060,093
201,721	1,060,093
209,373	840,860
209,373	840,860
(7,652)	219,233
247	1,381
6,729	17,658
--	(158,002)
--	(77,918)
6,976	(216,881)
(676)	2,352
--	(43,015)
(676)	(40,663)
99,278	533,461
\$ 98,602	\$ 492,798
\$ --	\$ 88,352
--	35,078
98,602	369,368
\$ 98,602	\$ 492,798

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lisbon, Iowa is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Lisbon has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Linn County E911 Service Board and Linn County Emergency Management.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statements

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Solid Waste Fund accounts for the costs associated with solid waste removal.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the City Council in March, 2020.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

During the year ended June 30, 2021, disbursements exceeded the amount budgeted in the business type activities function.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS PAYABLE

A summary of changes in bonds payable for the year ended June 30, 2021 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds	<u>\$1,359,000</u>	<u>\$5,250,000</u>	<u>\$1,372,000</u>	<u>\$ 5,237,000</u>	<u>\$ 418,000</u>
Business type activities:					
Water Revenue Bonds	<u>\$ 255,000</u>	<u>\$ --</u>	<u>\$ 27,000</u>	<u>\$ 228,000</u>	<u>\$ 28,000</u>
Sewer Revenue Bonds	<u>1,045,000</u>	<u>--</u>	<u>105,000</u>	<u>940,000</u>	<u>115,000</u>
Business type activities total	<u>\$1,300,000</u>	<u>\$ --</u>	<u>\$ 132,000</u>	<u>\$ 1,168,000</u>	<u>\$ 143,000</u>

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - BONDS PAYABLE - Continued

General Obligation Bonds

A summary of the City's June 30, 2021 general obligation bonds payable is as follows:

Year Ending June 30,	2015 Corporate Purpose Bonds Issued May 21, 2015			2018 Corporate Purpose Bonds Issued September 24, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	1.95%	\$ 33,000	\$ 1,375	2.50%	\$ 30,000	\$ 1,575
2023	2.15%	34,000	731	2.75%	30,000	825
2024		--	--		--	--
2025		--	--		--	--
2026		--	--		--	--
2027 - 2031		--	--		--	--
2032 - 2035		--	--		--	--
		<u>\$ 67,000</u>	<u>\$ 2,106</u>		<u>\$ 60,000</u>	<u>\$ 2,400</u>

Year Ending June 30,	2020 Corporate Purpose Bonds Issued August 11, 2020			Totals		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	1.00%	\$ 355,000	\$ 59,560	\$ 418,000	\$ 62,510	\$ 480,510
2023	1.00%	365,000	56,010	429,000	57,566	486,566
2024	1.00%	375,000	52,360	375,000	52,360	427,360
2025	1.00%	385,000	48,610	385,000	48,610	433,610
2026	1.00%	385,000	44,760	385,000	44,760	429,760
2027 - 2031	1.00-1.25%	1,970,000	161,790	1,970,000	161,790	2,131,790
2032 - 2035	1.35-1.65%	1,275,000	49,981	1,275,000	49,981	1,324,981
		<u>\$5,110,000</u>	<u>\$ 473,071</u>	<u>\$5,237,000</u>	<u>\$ 477,577</u>	<u>\$5,714,577</u>

On May 21, 2015, the City issued \$329,000 of general obligation bonds with interest rates ranging from 0.80% to 2.15% per annum. The bonds were issued for park improvements. During the year ended June 30, 2021, the City paid \$32,000 of principal and \$1,996 of interest on the bonds. The bonds mature in fiscal year 2023.

On September 24, 2018, the City issued \$160,000 of general obligation bonds with interest rates ranging from 2.00% to 2.75% per annum. The bonds were issued for public works and fire department equipment. During the year ended June 30, 2021, the City paid \$ 30,000 of principal and \$2,250 of interest on the bonds. The bonds mature in fiscal year 2023.

On August 11, 2020, the City issued \$5,250,000 of general obligation bonds with interest rates ranging from 1.00% to 1.65% per annum. The bonds were issued for refunding prior general obligation bonds, for water improvements and sports complex development. During the year ended June 30, 2021, the City paid \$140,000 of principal and \$49,107 of interest. The bonds mature in fiscal year 2035.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - BONDS PAYABLE - Continued

Revenue Bonds

Year Ending June 30,	Sewer Revenue Bonds, 2018A Issued December 7, 2018			Sewer Revenue Bonds, 2004 Issued May 8, 2004		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.00%	\$ 12,000	\$ 4,165	1.75%	\$ 74,000	\$ 4,520
2023	2.00%	12,000	3,955	1.75%	76,000	3,040
2024	2.00%	12,000	3,745	1.75%	76,000	1,520
2025	2.00%	13,000	3,535		--	--
2026	2.00%	13,000	3,308		--	--
2027 - 2031	2.00%	68,000	13,073		--	--
2032 - 2036	2.00%	66,000	6,824		--	--
2037		--	--		--	--
		<u>\$ 196,000</u>	<u>\$ 38,605</u>		<u>\$ 226,000</u>	<u>\$ 9,080</u>

Year Ending June 30,	Sewer Revenue Bonds, 2018 Issued August 17, 2018			Water Revenue Bonds 2009 Issued January 14, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.00%	\$ 29,000	\$ 10,062	1.75%	\$ 28,000	\$ 3,990
2023	2.00%	29,000	9,555	1.75%	29,000	3,500
2024	2.00%	30,000	9,047	1.75%	29,000	2,993
2025	2.00%	31,000	8,523	1.75%	30,000	2,485
2026	2.00%	31,000	7,980	1.75%	31,000	1,960
2027 - 2031	2.00%	165,000	31,516	1.75%	81,000	2,537
2032 - 2036	2.00%	182,000	16,413		--	--
2037		21,000	1,365		--	--
		<u>\$ 518,000</u>	<u>\$ 94,461</u>		<u>\$ 228,000</u>	<u>\$ 17,465</u>

Year Ending June 30,	Totals		
	Principal	Interest	Total
2022	\$ 143,000	\$ 22,737	\$ 165,737
2023	146,000	20,050	166,050
2024	147,000	17,305	164,305
2025	74,000	14,543	88,543
2026	75,000	13,248	88,248
2027 - 2031	314,000	47,126	361,126
2032 - 2036	248,000	23,237	271,237
2037	21,000	1,365	22,365
	<u>\$1,168,000</u>	<u>\$ 159,611</u>	<u>\$1,327,611</u>

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - BONDS PAYABLE - Continued

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$519,000 of water revenue bonds issued in January, 2009. Proceeds from the bonds provided financing for the construction of a well and improvements to the water system. The bonds carry an interest rate of 1.75% and are payable solely from water customer net receipts and are payable through 2029. Annual principal and interest payments on the bonds are expected to require approximately 42% of the net receipts. The total principal and interest remaining to be paid on the bonds is \$245,465. For the current year, principal and interest paid and total customer net receipts were \$31,463 and \$74,478, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,200,000, \$658,000, and \$272,000 of sewer revenue bonds issued in May, 2004, August, 2018, and December, 2018, respectively. Proceeds from the bonds provided financing for the construction of improvements to the wastewater treatment system. The bonds carry interest rates of 1.75% and 2.00% and are payable solely from sewer customer net receipts and are payable through 2037. Annual principal and interest payments on the notes are expected to require approximately 81% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,082,146. For the current year, principal and interest paid and total customer net receipts were \$123,287 and \$152,407, respectively. Existing net position is used to meet debt service payments in years when the net receipts are not sufficient.

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. The City shall generate net receipts from water and sewer operations of at least 110% of the average annual principal and interest payments.

NOTE 4 - DEFEASANCE OF DEBT

On August 11, 2020, the City issued \$1,185,000 of general obligation refunding bonds with an average interest rate of 1.00% - 1.20% to current refund \$1,170,000 of general obligation bonds dated September 27, 2011 with an average interest rate of 2.60% - 4.00%. The net proceeds of \$1,178,109 (after payment of \$17,337 in underwriting fees, premium of \$10,446, and other issuance costs) were used to refund the debt. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$161,837 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$152,896.

NOTE 5 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - PENSION PLAN - Continued

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - PENSION PLAN - Continued

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 totaled \$51,742.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$372,758 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.005306%, which was an increase of 0.000500% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$77,364, \$102,099 and \$52,835 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increases (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - PENSION PLAN - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability	\$ 719,224	\$ 372,758	\$ 82,377

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate vacation, compensation, and sick leave hours based on the length of their employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 110 days. Vacation and compensation hours are payable when used or upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensation hours payable to employees at June 30, 2021, primarily related to the General Fund, totaled \$21,300. This liability has been computed based on rates of pay in effect at June 30, 2021.

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 115,530
Debt Service	Special Revenue: Urban Renewal TIF	81,941
	Enterprise: Water	36,632
	Sewer	6,383
		<u>124,956</u>
		<u>\$ 240,486</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical benefits for employees, retirees and their spouses and dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2021, the City contributed \$178,021 and plan members eligible for benefits contributed \$7,146 to the plan. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the City of Lisbon and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>7</u>
Total	<u><u>7</u></u>

NOTE 10 - COMMITMENTS AND CONTINGENCY

Capital Commitments

The City has committed funds for various construction and street projects with an estimated cost of \$472,000. The projects will be financed with debt proceeds on hand.

Subsequent Events

The City has evaluated all subsequent events through December 28, 2021, the date the financial statements were available to be issued.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - DEFICIT BALANCE

General Fund: Sports Complex and Housing Rehab Funds had deficit balances of \$97,761 and \$52,959, respectively. Urban Renewal TIF: TIF Brothers Market and Downtown Reinvestment Program Funds had deficit balances of \$10,933 and \$9,096, respectively. Enterprise: Water Sinking and Sewer Funds had deficit balances of \$62,714 and \$55,567, respectively.

Sports Complex Fund purchased property in a prior year which caused the deficit balance in this fund. The Local Option Sales Tax Fund is repaying the Sports Complex Fund a portion of this purchase every year. The deficit balance continues to decrease each year. Housing Rehab Fund is at a deficit balance due to the project costs incurred prior to the availability of funds. TIF Brother's Market Fund continues to have a deficit balance due to money being lent to the super market prior to funds being received by tax incremental financing. The deficit continues to decrease each year. Downtown Reinvestment Program Fund has a deficit balance due to money being lent out prior to funds being received by tax increment financing. Water Sinking Fund is at a deficit balance due to a revenue bond payment incurred before the availability of funds. Funds will be transferred into this fund in fiscal year 2022. The Sewer Fund is at a deficit balance due to sewer costs incurred before the availability of funds. Funds will be transferred into this fund in FY22.

NOTE 12 - DEVELOPMENT AGREEMENTS

The City entered into an agreement with Brothers Market, Inc. to make economic development tax increment payments in an amount not to exceed \$500,000 in total. Payments began December, 2014 and are to be made semiannually through June 1, 2024 as property taxes become available. The City also provided Brothers Market, Inc. with a forgivable loan of \$160,000 in November, 2011. For every month that the developers meet the loan's requirements, the City shall forgive a portion of the loan. The loan is secured by property, and final payment of any outstanding balance is due November 30, 2022. During the year ended June 30, 2021, the City rebated \$23,514 of incremental property tax to the developer. At June 30, 2021, the remaining balance to be paid on this agreement is \$333,284.

NOTE 13 - COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the City of Lisbon, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Lisbon. However the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Lisbon.

CITY OF LISBON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, \$8,030 of property tax was diverted from the City under the urban renewal and economic development agreements.

* * *

OTHER INFORMATION

CITY OF LISBON, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL
FUNDS AND PROPRIETRY FUNDS
OTHER INFORMATION

Year ended June 30, 2021

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 1,004,058	\$ --	\$ 1,004,058
Tax increment financing	146,477	--	146,477
Other city tax	386,963	--	386,963
Licenses and permits	17,166	--	17,166
Use of money and property	31,799	1,381	33,180
Intergovernmental	1,669,550	--	1,669,550
Charges for service	35,134	1,060,093	1,095,227
Special assessments	242	--	242
Miscellaneous	645,398	17,658	663,056
Total receipts	<u>3,936,787</u>	<u>1,079,132</u>	<u>5,015,919</u>
Disbursements:			
Public safety	457,899	--	457,899
Public works	412,495	--	412,495
Culture and recreation	332,109	--	332,109
Community and economic development	111,544	--	111,544
General government	516,943	--	516,943
Debt service	272,661	--	272,661
Capital projects	33,138	--	33,138
Business type activities	--	1,076,780	1,076,780
Total disbursements	<u>2,136,789</u>	<u>1,076,780</u>	<u>3,213,569</u>
Excess (deficiency) of receipts over (under) disbursements	1,799,998	2,352	1,802,350
Other financing sources, net	<u>4,165,967</u>	<u>(43,015)</u>	<u>4,122,952</u>
Change in balances	5,965,965	(40,663)	5,925,302
Balances beginning of year	<u>1,433,718</u>	<u>533,461</u>	<u>1,967,179</u>
Balances end of year	<u>\$ 7,399,683</u>	<u>\$ 492,798</u>	<u>\$ 7,892,481</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 1,084,744	\$ 1,082,596	\$ (78,538)
141,779	141,779	4,698
301,825	301,792	85,171
7,225	7,225	9,941
16,527	16,527	16,653
455,140	1,675,101	(5,551)
1,069,700	1,069,700	25,527
--	--	242
30,413	30,413	632,643
<u>3,107,353</u>	<u>4,325,133</u>	<u>690,786</u>
503,909	503,909	46,010
329,184	414,184	1,689
325,024	332,124	15
291,246	291,246	179,702
327,515	533,515	16,572
238,995	1,264,995	992,334
35,000	158,000	124,862
971,402	1,074,251	(2,529)
<u>3,022,275</u>	<u>4,572,224</u>	<u>1,358,655</u>
85,078	(247,091)	2,049,441
--	5,250,000	(1,127,048)
85,078	5,002,909	922,393
<u>1,521,155</u>	<u>1,521,155</u>	<u>446,024</u>
<u>\$ 1,606,233</u>	<u>\$ 6,524,064</u>	<u>\$ 1,368,417</u>

CITY OF LISBON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2021

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, the Permanent Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$1,549,949. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements exceeded the amount budgeted in the business type activities function.

See accompanying independent auditor's report.

CITY OF LISBON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN YEARS*

OTHER INFORMATION

	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.005306%	0.004806%
City's proportionate share of the net pension liability	\$ 373,000	\$ 278,000
City's covered payroll	\$ 589,000	\$ 547,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	63.33%	50.82%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.004580%	0.004775%	0.004774%	0.004791%	0.005338%
\$ 290,000	\$ 318,000	\$ 305,000	\$ 215,000	\$ 185,000
\$ 512,000	\$ 513,000	\$ 506,000	\$ 478,000	\$ 476,000
56.64%	61.99%	60.28%	44.98%	38.87%
83.62%	82.21%	81.82%	85.19%	87.61%

CITY OF LISBON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 52,000	\$ 57,000	\$ 53,000	\$ 45,000
Contributions in relation to the statutorily required contribution	<u>(52,000)</u>	<u>(57,000)</u>	<u>(53,000)</u>	<u>(45,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 547,000	\$ 589,000	\$ 547,000	\$ 512,000
Contributions as a percentage of covered payroll	9.51%	9.68%	9.69%	8.79%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 45,000	\$ 47,000	\$ 45,000	\$ 44,000	\$ 41,000	\$ 39,000
<u>(45,000)</u>	<u>(47,000)</u>	<u>(45,000)</u>	<u>(44,000)</u>	<u>(41,000)</u>	<u>(39,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 513,000	\$ 506,000	\$ 478,000	\$ 476,000	\$ 449,000	\$ 457,000
8.77%	9.29%	9.41%	9.24%	9.13%	8.53%

CITY OF LISBON, IOWA
NOTES TO OTHER INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefits terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

SUPPLEMENTARY INFORMATION

CITY OF LISBON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2021

	Special Revenue		
	Employee Benefits	Local Option Sales Tax	Urban Renewal TIF
Receipts:			
Property tax	\$ 176,843	\$ --	\$ --
Tax increment financing	--	--	146,477
Other city tax	5,892	353,762	--
Use of money and property	--	--	416
Intergovernmental	15,908	--	--
Special assessments	--	--	--
Miscellaneous	1,840	--	--
Total receipts	<u>200,483</u>	<u>353,762</u>	<u>146,893</u>
Disbursements:			
Operating:			
Public safety	58,984	--	--
Public works	45,288	--	--
Culture and recreation	31,961	--	--
Community and economic development	--	--	32,610
General government	51,868	--	--
Total disbursements	<u>188,101</u>	<u>--</u>	<u>32,610</u>
Excess (deficiency) of receipts over (under) disbursements	12,382	353,762	114,283
Other financing uses:			
Transfers out	<u>--</u>	<u>(115,530)</u>	<u>(81,941)</u>
Change in cash balances	12,382	238,232	32,342
Cash balances, beginning of year	<u>175,473</u>	<u>425,728</u>	<u>201,629</u>
Cash balances, end of year	<u>\$ 187,855</u>	<u>\$ 663,960</u>	<u>\$ 233,971</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Police	--	--	--
Urban renewal purposes	--	--	233,971
Employee benefits	187,855	--	--
Unassigned	<u>--</u>	<u>663,960</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 187,855</u>	<u>\$ 663,960</u>	<u>\$ 233,971</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>	
<u>Police Forfeiture</u>	<u>Special Assessments</u>	<u>Cemetery Trust</u>	<u>Total</u>
\$ --	\$ --	\$ --	\$ 176,843
--	--	--	146,477
--	--	--	359,654
2	--	--	418
--	--	--	15,908
--	242	--	242
--	--	1,470	3,310
<u>2</u>	<u>242</u>	<u>1,470</u>	<u>702,852</u>
1,154	--	--	60,138
--	--	--	45,288
--	--	--	31,961
--	--	--	32,610
--	--	--	51,868
<u>1,154</u>	<u>--</u>	<u>--</u>	<u>221,865</u>
(1,152)	242	1,470	480,987
<u>--</u>	<u>--</u>	<u>--</u>	<u>(197,471)</u>
(1,152)	242	1,470	283,516
<u>1,153</u>	<u>--</u>	<u>77,747</u>	<u>881,730</u>
<u>\$ 1</u>	<u>\$ 242</u>	<u>\$ 79,217</u>	<u>\$1,165,246</u>
\$ --	\$ --	\$ 79,217	\$ 79,217
1	--	--	1
--	--	--	233,971
--	--	--	187,855
<u>--</u>	<u>242</u>	<u>--</u>	<u>664,202</u>
<u>\$ 1</u>	<u>\$ 242</u>	<u>\$ 79,217</u>	<u>\$1,165,246</u>

CITY OF LISBON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Receipts:				
Property tax	\$ 1,004,058	\$ 969,422	\$ 905,179	\$ 894,803
Tax increment financing	146,477	138,802	157,553	155,877
Other city tax	386,963	329,496	300,188	320,853
Licenses and permits	17,166	19,612	19,349	27,553
Use of money and property	31,799	17,660	10,068	16,082
Intergovernmental	1,669,550	535,203	502,151	472,780
Charges for service	35,134	20,483	48,840	51,502
Special assessments	242	--	152	1,384
Miscellaneous	<u>645,398</u>	<u>21,250</u>	<u>31,340</u>	<u>41,347</u>
Total	<u>\$ 3,936,787</u>	<u>\$ 2,051,928</u>	<u>\$ 1,974,820</u>	<u>\$ 1,982,181</u>
Disbursements:				
Operating:				
Public safety	\$ 457,899	\$ 457,605	\$ 628,638	\$ 371,500
Public works	412,495	348,952	504,959	290,214
Culture and recreation	332,109	259,923	268,026	235,078
Community and economic development	111,544	182,608	68,569	173,829
General government	516,943	223,998	428,134	589,307
Debt service	272,661	235,741	542,530	508,283
Capital projects	<u>33,138</u>	<u>--</u>	<u>83,544</u>	<u>243,710</u>
Total	<u>\$ 2,136,789</u>	<u>\$ 1,708,827</u>	<u>\$ 2,524,400</u>	<u>\$ 2,411,921</u>

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 925,981	\$ 916,551	\$ 891,721	\$ 864,222	\$ 794,887	\$ 830,844
182,859	257,897	149,887	140,093	130,118	138,246
351,090	334,511	303,962	312,777	302,562	309,398
26,210	76,722	27,116	17,289	18,185	33,073
4,827	3,823	7,269	10,807	10,065	8,902
498,463	352,441	544,079	254,898	248,332	244,924
52,820	49,874	50,384	52,866	45,696	39,985
1,685	8,219	9,196	12,866	12,512	12,618
<u>38,920</u>	<u>51,475</u>	<u>85,545</u>	<u>55,544</u>	<u>66,681</u>	<u>40,676</u>
<u>\$ 2,082,855</u>	<u>\$ 2,051,513</u>	<u>\$ 2,069,159</u>	<u>\$ 1,721,362</u>	<u>\$ 1,629,038</u>	<u>\$ 1,658,666</u>
\$ 348,759	\$ 383,792	\$ 380,327	\$ 296,178	\$ 278,544	\$ 320,503
262,763	315,838	279,430	270,805	239,798	282,998
251,944	244,223	230,352	236,224	256,082	228,347
232,337	74,420	99,663	67,342	53,433	284,611
427,884	358,098	360,495	272,776	268,848	285,181
430,821	406,868	409,826	668,815	693,845	920,507
<u>24,814</u>	<u>235,060</u>	<u>612,632</u>	<u>301,339</u>	<u>1,619,313</u>	<u>1,405,898</u>
<u>\$ 1,979,322</u>	<u>\$ 2,018,299</u>	<u>\$ 2,372,725</u>	<u>\$ 2,113,479</u>	<u>\$ 3,409,863</u>	<u>\$ 3,728,045</u>

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lisbon, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2021. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lisbon's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lisbon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lisbon's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Lisbon's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: I-A-21

To the Honorable Mayor and
Members of the City Council

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lisbon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Responses.

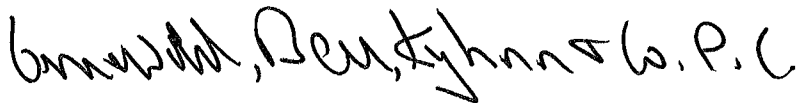
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to Findings

The City of Lisbon's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Lisbon's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlantic, Iowa
December 28, 2021

CITY OF LISBON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2021

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

I-A-21 Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: We will continue to review and monitor ways to improve segregation of duties.

Conclusion: Response accepted.

* * *

CITY OF LISBON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2021

PART II: Other Findings Related to Required Statutory Reporting

- II-A-21 Certified Budget: Disbursements during the year ended June 30, 2021 exceeded the amount budgeted in the business type activities function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response: The budget will be amended in the future, if applicable.

Conclusion: Response accepted.

- II-B-21 Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-21 Travel Expense: No disbursements of City money for travel expenses of spouses of City officials and/or employees were noted.
- II-D-21 Business Transactions: No business transactions between the City and City officials or employees were noted.
- II-E-21 Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- II-F-21 Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- II-G-21 Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-H-21 Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted, except the City held deposits at one financial institution in excess of the approved amounts per the City's depository resolution.

Recommendation: The City should have amended their depository resolution before deposits exceeded approved amounts.

Response: The depository resolution will be amended.

Conclusion: Response accepted.

CITY OF LISBON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2021

PART II: Other Findings Related to Required Statutory Reporting - Continued

- II-I-21 Revenue Bonds: No instances of non-compliance with revenue bond resolutions were noted.
- II-J-21 Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- II-K-21 Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.
- II-L-21 Financial Condition: The following funds had deficit balances as shown at June 30, 2021:

General:		
Sports Complex	\$	97,761
Housing Rehab		52,959
Urban Renewal TIF:		
TIF Brothers Market		10,933
Downtown Reinvestment Program		9,096
Enterprise:		
Water Sinking		62,714
Sewer		55,567

Recommendation: The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response: The deficit fund balances will be eliminated during fiscal year 2022.

Conclusion: Response accepted.

CITY OF LISBON, IOWA

Schedule of Findings and Responses

Year ended June 30, 2021

PART II: Other Findings Related to Required Statutory Reporting - Continued

- II-M-21 Economic Development: During the year ended June 30, 2021, the City paid \$6,000 to Mount Vernon - Lisbon Community Development Group, a chamber of commerce type organization. The City Council has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Council should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

* * *